

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2004**

	August-04				July-04				Current	Prior Year	3 Years	5 Years
	Allocation		Month		Allocation		Month		Fiscal YTD	FY04	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2004 Net	6/30/2004 Net
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
LA Capital	57,033,402	4.3%	4.5%	-0.57%	57,394,573	4.3%	4.5%	-5.13%	-5.68%	N/A	N/A	N/A
Total Structured Growth	57,033,402	4.3%	4.5%	-0.57%	57,394,573	4.3%	4.5%	-5.13%	-5.68%	19.20%	-5.87%	-7.07%
Russell 1000 Growth				-0.49%				-5.65%	-6.12%	17.88%	-3.74%	-6.48%
<i>Structured Value</i>												
LSV	63,655,097	4.8%	4.5%	1.47%	62,718,513	4.7%	4.5%	-1.26%	0.20%	29.44%	9.20%	8.31%
Russell 1000 Value				1.42%				-1.41%	-0.01%	21.13%	2.96%	0.64%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	78,266,862	5.9%	6.0%	0.10%	78,216,837	5.9%	6.0%	-4.05%	-3.96%	18.59%	-0.17%	N/A
Russell 1000				0.49%				-3.51%	-3.04%	19.48%	-0.32%	N/A
<i>Enhanced S&P 500 Index</i>												
Northern Trust	79,275,058	6.0%	6.0%	0.33%	79,033,480	5.9%	6.0%	-3.67%	-3.35%	19.00%	-0.31%	N/A
Strong	9,616	0.0%	0.0%	0.00%	2,447,701	0.2%	0.0%	0.00%	0.00%	21.13%	-0.06%	N/A
Westridge	79,063,312	5.9%	6.0%	0.44%	78,753,587	5.9%	6.0%	-3.30%	-2.88%	19.30%	-0.36%	N/A
Total Enhanced S&P 500 Index	158,347,986	11.9%	12.0%	0.38%	160,234,768	12.0%	12.0%	-3.18%	-2.81%	19.81%	-0.24%	N/A
S&P 500				0.40%				-3.31%	-2.92%	19.11%	-0.69%	N/A
<i>S&P 500 Index</i>												
State Street	40,319,392	3.0%	3.0%	0.41%	40,157,276	3.0%	3.0%	-3.31%	-2.92%	19.08%	-0.67%	-2.17%
S&P 500				0.40%				-3.31%	-2.92%	19.11%	-0.69%	-2.20%
TOTAL LARGE CAP DOMESTIC EQUITY	397,622,738	29.8%	30.0%	0.27%	398,721,967	30.0%	30.0%	-3.43%	-3.17%	20.38%	0.08%	-2.14%
S&P 500				0.40%				-3.31%	-2.92%	19.11%	-0.69%	-2.20%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	126,284,129	9.5%	10.0%	-1.22%	127,937,049	9.6%	10.0%	-7.32%	-8.45%	33.33%	5.76%	N/A
Russell 2000 + 200bp				-0.35%				-6.57%	-6.89%	35.99%	8.43%	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	126,284,129	9.5%	10.0%	-1.22%	127,937,049	9.6%	10.0%	-7.32%	-8.45%	33.33%	5.76%	6.81%
Russell 2000				-0.51%				-6.73%	-7.21%	33.36%	6.24%	6.63%
INTERNATIONAL EQUITY												
<i>Large Cap - Core</i>												
State Street	54,493,685	4.1%	4.0%	-0.03%	54,462,644	4.1%	4.0%	-3.04%	-3.07%	27.44%	0.42%	-1.44%
MSCI EAFE - 50% Hedged				0.12%				-2.80%	-2.68%	26.98%	-1.27%	-1.15%
<i>Large Cap - Active</i>												
Capital Guardian	131,816,267	9.9%	10.0%	0.33%	131,519,965	9.9%	10.0%	-2.97%	-2.65%	25.40%	-1.15%	1.54%
Bank of Ireland	26,613,708	2.0%	2.0%	-0.13%	26,658,619	2.0%	2.0%	-3.34%	-3.46%	23.61%	N/A	N/A
Total Large Cap - Active	158,429,975	11.9%	12.0%	0.25%	158,178,584	11.9%	12.0%	-3.03%	-2.78%	25.11%	-0.79%	1.76%
MSCI EAFE - 50% Hedged				0.12%				-2.80%	-2.68%	26.98%	-1.27%	-1.15%
<i>Small Cap - Active</i>												
Lazard	28,315,744	2.1%	2.0%	0.66%	28,097,910	2.1%	2.0%	-2.84%	-2.20%	44.40%	N/A	N/A
Wellington	26,433,742	2.0%	2.0%	-1.15%	28,098,232	2.1%	2.0%	-4.65%	-5.75%	42.26%	N/A	N/A
Total Small Cap - Active	54,749,486	4.1%	4.0%	-0.25%	56,196,142	4.2%	4.0%	-3.74%	-3.97%	43.25%	N/A	N/A
Citigroup Broad Market Index < \$2BN				1.00%				-4.20%	-3.24%	47.95%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	267,673,147	20.1%	20.0%	0.09%	268,837,370	20.2%	20.0%	-3.18%	-3.10%	29.19%	2.00%	1.63%
MSCI EAFE - 50% Hedged				0.12%				-2.80%	-2.68%	26.98%	-1.27%	-1.15%
EMERGING MARKETS EQUITY												
Capital Guardian	67,591,354	5.1%	5.0%	4.19%	64,871,649	4.9%	5.0%	-1.94%	2.17%	27.91%	8.93%	2.83%
MSCI Emerging Markets Free				4.19%				-1.77%	2.34%	33.50%	13.09%	3.25%
DOMESTIC FIXED INCOME												
<i>Core Bond</i>												
Western Asset	11,572,208	0.9%	0.6%	2.06%	11,337,265	0.9%	0.7%	1.23%	3.31%	2.02%	8.00%	8.39%
Lehman Aggregate				1.91%				0.99%	2.92%	0.32%	6.35%	6.95%
<i>Active Duration</i>												
WestAM (Criterion)	11,229,846	0.8%	0.6%	1.53%	11,054,658	0.8%	0.7%	0.88%	2.42%	-0.25%	5.14%	6.43%
Lehman Aggregate				1.91%				0.99%	2.92%	0.32%	6.35%	6.95%
<i>Index</i>												
Bank of ND	17,036,046	1.3%	0.9%	2.19%	19,844,610	1.5%	1.2%	0.95%	3.15%	-1.03%	6.88%	7.04%
Bank of ND Match Loan CD Program	11,167,789	0.8%	0.8%	0.36%	7,958,921	0.6%	0.6%	0.42%	0.79%	5.08%	5.57%	5.70%
Total Index	28,203,835	2.1%	1.8%	1.84%	27,803,531	2.1%	1.8%	0.85%	2.71%	0.23%	6.79%	6.83%
Lehman Gov/Credit				2.12%				1.06%	3.19%	-0.72%	6.73%	7.10%

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	Market Value	Allocation	Month	Net ROR	Market Value	Allocation	Month	Net ROR	Fiscal YTD	FY04	Ended 6/30/2004 Net	Ended 6/30/2004 Net
		Actual	Policy			Actual	Policy		Net ROR	Net ROR		
Convertibles												
TCW	10,652,803	0.8%	0.6%	-0.36%	10,703,944	0.8%	0.7%	-4.83%	-5.17%	16.74%	0.51%	3.89%
First Boston Convertible Index				-0.30%				-2.49%	-2.78%	14.44%	4.95%	5.78%
BBB Average Quality												
Strong	11,164,786	0.8%	0.6%	2.39%	10,900,898	0.8%	0.7%	1.57%	4.00%	1.29%	6.26%	7.23%
Lehman BBB				2.55%				1.40%	3.99%	1.23%	8.23%	6.60%
Timberland												
Evergreen (Wachovia)	35,319,190	2.7%	2.7%	3.93%	33,977,608	2.6%	2.6%	0.00%	3.93%	10.46%	N/A	N/A
											N/A	N/A
TOTAL DOMESTIC FIXED INCOME	108,142,668	8.1%	7.0%	2.35%	105,777,904	8.0%	7.0%	0.04%	2.40%	5.08%	6.35%	7.34%
Lehman Aggregate				1.91%				0.99%	2.92%	0.32%	6.35%	6.95%
HIGH YIELD BONDS												
Loomis Sayles	48,670,870	3.7%	3.5%	3.04%	47,311,200	3.6%	3.5%	1.21%	4.29%	N/A	N/A	N/A
Lehman High Yield Cash Pay Index				1.96%				1.37%	3.36%	N/A	N/A	N/A
Sutter/Wells Capital	48,877,414	3.7%	3.5%	1.52%	48,190,503	3.6%	3.5%	1.30%	2.84%	N/A	N/A	N/A
Merrill Lynch High Yield Master II Index				1.84%				1.33%	3.19%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	97,548,284	7.3%	7.0%	2.27%	95,501,704	7.2%	7.0%	1.26%	3.56%	7.69%	6.68%	2.79%
Lehman High Yield Bond Index				1.96%				1.36%	3.35%	10.33%	9.30%	4.78%
INTERNATIONAL FIXED INCOME												
International Sovereign												
UBS Global (Brinson)	33,559,570	2.5%	2.5%	2.32%	32,823,689	2.5%	2.5%	-0.96%	1.33%	7.86%	14.20%	6.47%
Citigroup Non-US Gov't Bond Index (1)				2.45%				-0.88%	1.55%	7.59%	13.65%	6.84%
International Core												
Brandywine	34,226,035	2.6%	2.5%	1.67%	33,647,655	2.5%	2.5%	0.27%	1.94%	9.65%	N/A	N/A
Lehman Global Aggregate (ex-US)				2.38%				-0.70%	1.66%	5.20%	N/A	N/A
TOTAL INTERNATIONAL FIXED INCOME	67,785,606	5.1%	5.0%	1.99%	66,471,344	5.0%	5.0%	-0.34%	1.64%	8.78%	14.41%	6.59%
Citigroup Non-US Gov't Bond Index (1)				2.45%				-0.88%	1.55%	7.59%	13.65%	6.84%
REAL ESTATE												
JMB	8,630			0.00%	15,736			0.00%	0.00%	1.45%	-5.90%	-3.04%
INVECO	55,321,779			0.30%	55,155,960			-0.17%	0.13%	6.72%	5.80%	7.59%
J.P. Morgan	54,441,243			1.02%	53,893,980			0.68%	1.70%	11.11%	7.63%	9.54%
TOTAL REAL ESTATE	109,771,652	8.2%	9.0%	0.68%	109,065,675	8.2%	9.0%	0.28%	0.97%	8.87%	6.70%	8.55%
NCREIF TOTAL INDEX				1.03%				1.03%	2.08%	10.82%	8.40%	9.33%
ALTERNATIVE INVESTMENTS												
Brinson IVCF III	1,029,644			0.00%	1,029,644			0.00%	0.00%	16.88%	16.12%	56.18%
Coral Partners V	6,010,254			0.00%	5,981,639			0.00%	0.00%	-31.07%	-34.06%	-13.63%
Coral Partners V - Supplemental	714,777			0.00%	711,366			0.00%	0.00%	30.44%	N/A	N/A
Coral Partners VI	3,887,073			0.00%	3,938,311			0.00%	0.00%	-21.72%	N/A	N/A
Brinson 1998 Partnership Fund	1,663,285			0.00%	1,655,347			0.00%	0.00%	9.41%	-7.52%	3.66%
Brinson 1999 Partnership Fund	2,493,276			0.00%	2,762,410			0.00%	0.00%	14.66%	-9.09%	-1.33%
Brinson 2000 Partnership Fund	4,609,231			0.00%	4,587,234			0.00%	0.00%	11.19%	-6.65%	N/A
Brinson 2001 Partnership Fund	2,127,471			0.00%	2,117,318			0.00%	0.00%	6.64%	-2.03%	N/A
Brinson 2002 Partnership Fund	1,208,611			0.00%	1,202,843			0.00%	0.00%	14.42%	N/A	N/A
Brinson 2003 Partnership Fund	166,211			0.00%	165,417			0.00%	0.00%	-4.63%	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,400,912			0.00%	1,394,226			0.00%	0.00%	21.09%	8.14%	4.24%
Brinson 2000 Non-US Partnership Fund	1,749,481			0.00%	1,741,131			0.00%	0.00%	15.38%	5.71%	N/A
Brinson 2001 Non-US Partnership Fund	1,093,776			0.00%	1,088,556			0.00%	0.00%	16.63%	3.39%	N/A
Brinson 2002 Non-US Partnership Fund	1,643,138			0.00%	1,635,296			0.00%	0.00%	18.67%	N/A	N/A
Brinson 2003 Non-US Partnership Fund	389,382			0.00%	387,524			0.00%	0.00%	-3.93%	N/A	N/A
Brinson 2004 Non-US Partnership Fund	75,359			0.00%	74,999			0.00%	0.00%	N/A	N/A	N/A
Brinson BVCF IV	7,957,590			0.00%	7,919,612			0.00%	0.00%	21.17%	-9.85%	-10.01%
Matlin Patterson Global Opportunities	8,933,347			0.00%	11,331,246			0.00%	0.00%	13.00%	N/A	N/A
InvestAmerica	1,912,039			0.00%	1,902,914			0.00%	0.00%	-7.73%	N/A	N/A
Hearthstone MSII	934,879			0.00%	450,147			0.00%	0.00%	28.64%	20.32%	N/A
Hearthstone MSIII	11,243,416			0.00%	9,136,448			0.00%	0.00%	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (2)	61,243,153	4.6%	5.0%	0.00%	61,213,628	4.6%	5.0%	0.00%	0.00%	3.39%	-11.65%	4.52%
CASH EQUIVALENTS												
Northern Trust STIF/STEP	28,618,100	2.1%	2.0%	0.11%	31,532,503	2.4%	2.0%	0.12%	0.23%	1.44%	1.86%	3.48%
90 Day T-Bill				0.12%				0.12%	0.24%	0.98%	1.71%	3.29%
TOTAL FUND	1,332,280,832	100.0%	100.0%	0.69%	1,329,930,793	100.0%	100.0%	-2.44%	-1.77%	19.30%	3.60%	2.91%
POLICY TARGET BENCHMARK				0.79%				-2.10%	-1.32%	18.20%	3.00%	2.43%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.